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SENSITIVE
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DEPARTMENT FOR NEA/ELA (IRWIN) AND PM (ARCHETTO)

E.O. 12958: N/A
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SUBJECT: EGYPT: COUNTRY TEAM ASSESSMENT OF THE EGYPTIAN ACQUISITION
OF AVENGER DEPOT LEVEL REPAIR CAPABILITY.

REF: A. EGYPTIAN MINISTRY OF DEFENSE LETTER OF REQUEST 08/AD/062

Sensitive but Unclassified. Please Protect Accordingly.

¶1. (SBU) Description: The Government of Egypt (GOE) has requested the release of depot level repair capability for the Avenger vehicle-mounted short-range air defense system. This depot level repair capability would consist of electronic test equipment, technical data and training for component level testing and repair/replacement of Shop Replaceable Units (SRUs) on the Avenger system.

¶2. (SBU) The reason Egypt desires the articles or services:

a. Modernizing its air defense inventory with the Avenger system, and associated Sentinel radar and Forward Area Air Defense Command and Control (FAAD C2), remains a central component of Egypt's plan to modernize its armed forces.

b. Egypt currently must send failed SRUs to the US for repair and subsequent return to Egypt. This process, known as "repair and return", is extremely lengthy. An in-country depot level repair capability would significantly shorten the time required, thus improving operational readiness rates for the Avenger fleet.

c. An in-country depot level capability also has the potential of long-term cost savings, due to the elimination of shipping/transportation costs to the US and lower labor costs in Egypt. However, depot level capability will require a significant initial investment.

¶3. (SBU) How does the Avenger depot level repair capability contribute to both the US and the GOE's defense/security goals:

a. The release of Avenger depot level repair capability will strengthen the US-Egyptian mil-to-mil relationship as it demonstrates the USG's commitment to be Egypt's primary military partner and arms supplier. Demonstration of this commitment contributes to efforts to keep Egypt from developing hedging strategies on security matters with other world powers such as Russia or China.

b. If Egypt makes the decision to procure a depot level repair capability for Avenger (following a releaseability determination), the US Army may benefit from the Test Program Sets and other software/hardware developed for Egypt. As Egypt will most likely bear most or all of the Non-Recurring Engineering costs, there may be a substantial cost avoidance for the US Army.

c. Releasing an Avenger depot level repair capability to Egypt may increase opportunities for future sales of the Avenger system to Egypt and other regional partners.

¶4. (SBU) Justification for the type and quantity of articles or services requested:

a. An in-country depot level repair capability will greatly reduce repair times by eliminating the requirement to ship SRUs to the US and return them to Egypt after repair. This will increase operational readiness rates for the Egyptian Avenger fleet.

b. The AN/MPQ-64 Sentinel radar is the primary radar used with the Avenger air defense system. Egypt has already been granted release approval for a Sentinel depot level repair capability.

¶5. (SBU) Combatant Commander's concurrence to the introduction of a new war fighting capability to the nation or region: CENTCOM to provide Combatant Commander's assessment separately.

¶6. (SBU) Anticipated reactions of neighboring nations: As Egypt already possesses the Avenger air defense system, there should be little or no reaction. Release of Avenger depot level repair capability should not affect the regional balance of power, nor should it cause negative reactions with the exception of Israel. This sale will not reduce Israel's qualitative military edge.

¶7. (SBU) Assessment of the nation's ability to account for, safeguard, operate, maintain, and support the articles: The Government of Egypt has demonstrated the intent and ability to protect sensitive, classified military technology over an extended period, including over 14 years of experience with the M1A1 tank program.

¶8. (SBU) Training required either in country or in the United States and anticipated reactions resulting from the presence of US trainers in country: The number of trainers is expected to be small

(five or less) for any in-country training and short-term (less than one year). The program may require up to three US defense contractor personnel to provide technical assistance over a period of several years. This training footprint is small in comparison to the number of trainers and technical assistance personnel already in-country and is unlikely to generate a reaction.

¶9. (SBU) Possible impact of any in-country US presence that might be required as a result of providing the article: There has been no perceived negative impact from trainer or technical assistance personnel in the past.

¶10. (SBU) Source of financing and the economic impact of the proposed acquisition: Financing would be provided by Egyptian Foreign Military Financing - Grant (FMF-G) money and would not have a significant impact on Egypt's private economy.

¶11. (SBU) Human rights considerations relevant to the proposed acquisition: There are no human rights considerations that preclude approval of an Avenger depot level repair capability.

¶12. (SBU) Plan for end-use monitoring and plan for compliance verification: No special or unique end use monitoring requirements would apply. Personnel from the Office of Military Cooperation and US Army Aviation and Missile Command - Egypt Liaison Office would make periodic visits to the repair facility.

¶13. (SBU) Country Team Recommendation: The country team recommends the USG approve the release of Avenger depot level repair capability to Egypt. This is a coordinated mission position.

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